



Governor's Tourism Advisory Council Meeting (TAC)  
Thursday, February 16, 2012-10:00 a.m. to 2:00 p.m.  
Arizona Office of Tourism  
1110 West Washington Street, Suite 155  
Phoenix, Arizona  
**Meeting Minutes**

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**I. Call to Order/Approval of November 16, 2011 Governor's Tourism Advisory Council (TAC) Meeting Minutes.**

Michael Luria called the meeting to order at 10:15 a.m. The following TAC members were present: Michael Luria, Jody Harwood, Victoria Yarbrough, Jeff Serdy, Lorraine Pino, Susan Sternitzke (conference call), Sam Campana (conference call); and Stacey Button (conference call). Ex-officio member present: Debbie Johnson. AOT staff present: Sherry Henry, Chris Mardian, Kiva Couchon, Laura Franco French, Karen Churchard, Mary Rittmann, Rebekah Bell, Sandy Pederson; and, Glenn Schlottman.

**Motion was made by Jeff Serdy to approve meeting minutes of November 16, 2011. Motion was seconded by Victoria Yarbrough. Minutes of November 16, 2011 were approved unanimously.**

**II. Arizona Office Tourism (AOT) Updates**

Karen Churchard distributed Centennial items to TAC members and gave a presentation of recent Centennial events.

- Best Fest-February 11 and 12, 2012-An estimated 160,000+ were in attendance. Festivities included a tribal blessing; a dedication of Centennial Way, Centennial Ride (over 5,000 motorcycles participated); and, the winner of the Copper Chopper was announced.
- Arizona Statehood Day-February 14, 2012-events featured Indian sunrise ceremony, a reenactment of W.P. Hunt's walk to the Arizona State Capitol, commemoration of a new Forever Stamp for Arizona; and, Fandango Arizona.
- Arizona Experience website-ArizonaExperience.org-new website Governor Brewer unveiled February 14, 2012

In addition, Karen stated that the Centennial Commission is an executive ordered commission, which will sunset in June 2012. However, the Centennial Foundation, which was required to be established through the Commission, can live on for years to come. The intention is to have the Foundation remain at least through this year if not longer. Centennial Commission is finished

with major events but will continue working on over 420 ongoing and upcoming events throughout the year.

Sherry Henry, Director of AOT, did an overview of the AOT 2013 Budget. Budget handouts distributed in TAC packet include Governor's FY2013 Budget Recommendation for AOT and a draft overview of the allocation of that budget, if approved by the Legislature. The Governor's recommendation offers AOT \$7,000,000 from the General Fund into the non-appropriated Tourism Fund. Approximately \$4,000,000 will take the place of operational and administrative costs currently covered by the 50% of Prop 302 funds allocated to AOT during FY2011 and FY2012. The remaining \$3,000,000 has been earmarked: one, to engage in a national campaign (seeking private match and/or added values), which is certain to provide enhancement of our current target cities; second, an initiative to capture emerging international markets, with Brazil and China as recommendations; third, to create a cooperative marketing program to include offerings that will include participation from rural communities in their attempts to market their tourism products. The percentages presented in the budget overview are fairly straight forward. Each division is working vigorously to complete their recommendations so we will be ready when the final approved budget goes into effect July 1, 2012.

Debbie Johnson asked about the non-appropriated funds section of the Governor's recommendation. Sherry replied that represents both stadium funds and gaming funds. Prop 202 (Gaming funds) are used for marketing only through AOT programs and Prop 302 (Stadium funds) are distributed and spent for Maricopa County marketing only, as directed by law. If approved, AOT's direct budget may be about \$14,500,000 which would include the \$7,000,000 recommended allocations; a projected \$6,000,000 in gaming funds; and \$1,500,000 in carryover funds to use for expenses at the start of the new fiscal year.

Jody Harwood asked if carryover funds were required to be allocated to specific expenses. While there may be flexibility, Mary Rittmann replied that attention must be paid to the original funding source when applied to an expense, as some expenses could be restricted by the requirements of the funding, i.e. Prop 202 can only be allocated for marketing expenses as it is restricted for operation and administration costs. While the 50% of Prop 302 funds allocated to AOT for operation/admin expenses would have more flexibility than Prop 202 dollars; it is estimated that almost all of those funds will be used during FY2012.

Michael Luria asked if the carryover amount might be substantial and in addition to the \$7,000,000. Sherry replied that it may be approximately \$1M, but the figure is not confirmed and it would be additional.

Our Agency is hoping that, if approved, the FY2013 budget will be a lump sum appropriation in one total allocation, which is how formula funding was distributed. That process allows the Agency to have funds ready and available for expenditures as needed. Over the last two years funding has been distributed in monthly (Prop 302) and quarterly (Prop 202) allocations, which makes the task of managing those distributions with AOT programs a challenge.

Rebekah Bell, Advertising Manager of AOT, reported on the 2012 Spring Training Campaign. She touched on various points including:

- Most recent Cactus League study used to craft message
- Out-of-state visitors stay on average 3-4 nights
- 72% are from California
- 72% travel in groups of 2 to 4
- 64% earn \$70,000 + (34% of the 64% earn \$100,000+)
- 96% list Spring Training as their primary reason for visit to Arizona
- AOT is targeting Los Angeles and Chicago (primary markets for national campaign as well)
- AOT's secondary markets are San Francisco, San Diego, and Phoenix
- Marketing is being targeted via radio, newsprint and online

Sandy Pederson, Digital Marketing Manager of AOT, reported on the online campaign, which will run through April 7, 2012. The first phase (running January 16, 2012 through mid-March 2012), will run in the primary markets, centering on ad networks focusing on baseball enthusiasts, fans, blogs; and, Sojourn (online boarding pass). In addition, a sweepstakes contest was incorporated into the Spring Training campaign.

In the second phase (mid-January 2012 to the end of February 2012), the focus was on Pay Per Click, targeting Cactus League fans, using team specific key words.

The final phase (March 2012 through April 7, 2012), will be targeting those who are in Arizona, in an effort to encourage them to go beyond the stadium by informing them of what there is to do around the Valley and outside Maricopa County.

Some of the sites AOT is advertising on are CitySearch, Urbanspoon and AZCentral.com.

Rebekah reported on the following:

- Radio will include 30-second spots in Chicago and Los Angeles
- Newsprint-Chicago Tribune and Los Angeles Times (sports sections)
- Hennen Publishing (Spring Training insert) placed in all 15 teams' primary newspapers is also included
- There will be outfield signage in the stadium, full page ads in programs, PA announcements, TV spots running on scoreboards; and, Official State Visitors Guides (OSVG) distribution at games.
- Media budget - \$300,000 for both online and traditional
- Cactus League research indicates those coming to Spring Training in Arizona are interested in golf, spas, attractions, sight-seeing, night life, authentic dining, and Southwest experiences.
- Discoverazspringtraining.com-micro site developed with this campaign, where all traffic for the campaign is being driven. To date, there have been approximately 5,000 visits to the site.

- QR Code placed on program ads at each of the seven stadiums- best use of QR codes to date
- Facebook contest – ran for three weeks, drawing 1,181 entrants and 2,500 “likes”. In February 2, 2012 winners were drawn.

Glenn Scloftman, Tourism Education & Development Manager of AOT, gave an update for AOT’s plan for the cooperative marketing opportunities for 2013.

- Marketing cooperative will focus on increasing AOT’s marketing impact and reach through cooperative buys with our partners throughout the state. Ad buys are the main focus, including the AOT media plans, the summer campaign and the regional cooperative media plan. Also included will be trade and media missions and possibly some media FAM tours. The program will be open to the Destination Marketing Organizations (DMO), travel and tourism entities, statewide marketing organizations; and, regional cooperatives. The regional cooperative will not focus necessarily on our traditional markets, but on where the regions are and what the rural communities are looking to market.
- The startup cooperative will basically be for those entities, which do not have a fulfillment piece or a tourism website and will focus on our up and coming partners, such as rural communities. The point being to assist with technical guidance.

Mary Rittmann, Director of Trade and Media Relations at AOT, gave an update on Trade and Media. In addition to the following, Mary reported on various media coverage for Canada, France, UK, Germany; and, Mexico.

- In the HeART of Arizona press trip- October 31, 2010 to November 5, 2010- 8 journalists
- Bruce Kirkland, Canadian journalist, produced article in *Toronto Sun*-((\$32,580 ad value-1,428,700 circulation)
- Michele Sponagle, Canadian journalist, produced two articles in *The Star*-((\$6,106 ad value-60,926 circulation)
- Michele Sponagle-produced article in *Up*, the in-flight magazine for WestJet-(115,080 ad value- 826,500 circulation)
- Christian Ude, Austrian journalist, produced article in *Kleine Zeitung*-((\$90,571 ad value-1,479,053 circulation)
- Phillipa Clarke, UK journalist, produced article in *Daily Mirror*-((\$246,617 ad value-3,027,922 circulation)
- Chris Court, UK journalist, produced 20 articles in small regional newspapers-((\$177,391 ad value- 634,821 circulation)
- Frederic Sallet, French journalist, produced four articles-((\$71,857 ad value,-13,177 circulation)
- Frederic Sallet- produced two additional articles in regional newspapers-((\$194,587 ad value- 22,207 circulation)

- Frederic Sallet- produced article in *Sud Quest*-( $\$408,772$  ad value, 309,187 circulation)
- In the HeART of Arizona press trip-33 articles-( $\$1,345,561$  advertising equivalency-7,906,006 circulation)

Laura Franco French, Director Community Relations of AOT, reported on the Arizona-Mexico Commission (AMC) Plenary, which was held February 9-10, 2012. J. Felipe Garcia, Vice President of Community Affairs and Mexico Marketing for Metropolitan Tucson Convention and Visitors Bureau, co-chairs the Tourism Committee along with Sherry Henry. Efforts focused on reinforcing the bilateral relationship and the economic impact of tourism on the border region.

In addition, Laura reported on the efforts of Community Relations with Nogales, Arizona to enhance the image of the region most particularly the border. The Nogales Community Development, the Port Authority and Nogales Chamber of Commerce, along with AOT, held a focus group, where it was agreed that the most relative issue facing Nogales is their lack of a tourism entity. The AMC plans to begin workshops focusing on economic development opportunities in the border region in addition to holding a plenary twice a year with future workshop topics to include energy, manufacturing and tourism. The tourism workshop, Revitalizing the Arizona-Mexico Tourism Industry, will be held April 11, 2012, in Tucson, Arizona and will feature two national speakers - Miguel Torruco, Mexico Tourism expert and Tom Julian, Julian Group in New York.

Laura also noted the Official State Visitors Guide (OSVG) is now in circulation and has a more enhanced tribal section.

A Public Relations report was given by Sherry Henry for Kiva Couchon, Public Information Officer and Communications Manager of AOT. *AOT in Action*-if you are not receiving this publication, please notify Kiva, at AOT. In addition, please encourage your constituents to sign up as well, as we are trying to build up this database. *AOT at a Glance* is an internal document, which discusses the agency's activities on a regular basis. If there is something you would like to see in this publication, please contact Kiva Couchon.

Sherry Henry reported that Research is focusing primarily on preparing for the Governor's Conference on Tourism, which will be at The Arizona Biltmore, in Phoenix, July 11-13, 2012.

### **III. Governor's Conference on Tourism (GCOT)**

Debbie Johnson reported on the following:

- The luncheon, which is traditionally when awards are presented, is going to be an evening Gala, which will add a new dimension to the conference. Please discuss sending in nominations for the Governor's awards with your constituents.
- This year's theme for the conference will be "Destination AZ".
- Keynote speakers, Roger Dow, of U.S. Travel Association, and Scott Stratton have been confirmed.

- The new luncheon format will include five minute presentations highlighting various regions from Arizona.
- Topics and speakers for breakout sessions are still being sought.

#### **IV. AzLTA (Arizona Lodging and Tourism Association)**

Debbie Johnson reported that the Arizona Tourism Alliance and the Arizona Hotel and Lodging Association have officially merged into the Arizona Lodging and Tourism Association.

#### **V. Arizona Commerce Authority (ACA)**

Sherry Henry stated that Don Cardon, President and CEO of ACA, is leaving the ACA in June of 2012. There is a national search being conducted by an executive search firm to solicit a candidate for this position. Mary Peters, past cabinet head for the U.S. Department of Transportation, is heading up the part of the board leading the search. AOT will continue to stay connected and maintain relationships with ACA.

#### **VI. Area Reports**

Jody Harwood – Area 1: Maricopa County

- Year began slower than anticipated. January was flat, though ahead of 2011. February, March and April presently look very good. Booking pace is up. The first quarter will be an improvement over 2011.

Lorraine Pino – Area 1: Maricopa County

Glendale is attracting large numbers of visitors to its downtown due to the city's series of winter events, including Glendale Glitters, December holiday weekends, Glitter & Glow and the Glendale Chocolate Affaire. To date, the festivals have attracted approximately 400,000 visitors to the area. Last year, Glendale's entire season brought approximately 400,000 to the area. This season's numbers are expected to be higher with the upcoming Jazz & Blues Festival adding to overall attendance.

The city's series of "Glitters" related festivities drew approximately 275,000, which is an increase over 2010-2011. Opening weekend attendance was 80,000; Spirit of Giving weekend was 25,000; Winter Wonderland weekend was 30,000; Jingle Bell Rockin' Nights was 40,000; and Glendale Glitter & Glow drew 100,000 in a single night.

The inaugural Glendale Convention and Visitors Bureau (GCVB) Advisory Committee met for the first time in January 2012 and plans to meet quarterly to establish measurable objectives, evaluate the effectiveness of current programs and advise GCVB staff in the development of additional marketing strategies.

The GCVB launched a coffee sleeve campaign through Proposition 302, in Chicago, their primary domestic market. More than 50,000 coffee sleeves were distributed throughout

independent coffee shops in Chicago from mid-December 2011 to mid-January 2012. The vibrant, eye-catching designs touted Arizona's warm weather with messages including, "Leave your ice scraper, grab some sun block and head west," and "Today's forecast: 0% chance of snow, 100% chance of fun & sun." The coffee sleeves included a call-to-action to the GCVB website, [www.VisitGlendale.com](http://www.VisitGlendale.com).

Michael Luria – Area 2: Pima County

- Overall first quarter has been fairly decent in Tucson.
- Jonathan Walker and Richard Vaughan are both retiring and a new CEO for the Tucson Convention and Visitors Bureau should be identified around April 1, 2012.
- 2012 Tucson Gem and Mineral Show- visitation was somewhat flat, but spending up.
- WGC Accenture Match-March 6, 2012 (Accenture and PGA committed to be in Tucson through 2013 and possibly 2014)
- Tucson Rodeo Days and Parade-February 18-26, 2012

Jody Harwood – Area 3: Apache, Coconino, Navajo, and Yavapai Counties

- Coconino area has been flatter most likely due to rates in the area being higher. Not as much in the area of value ad has been done as in other areas. Occupancy has been lagging.
- January was slightly low. February should be on task. It is still up from last year.
- Prescott, which is very value ad/discount oriented, is up as a destination. The community is being more creative. The first quarter is slightly slower, but expected to be slightly healthier than last year, but not as much as Maricopa County.

Susan Sternitzke – Area 4: LaPaz and Yuma Counties

The Yuma Convention and Visitors Bureau has a new Executive Director, Linda Jordan. However, Susan is still involved in marketing and public relations with the CVB.

Yuma Lettuce Days are in March 2012. The agritourism division tours have received huge media results, which have been showcased in *The Arizona Republic*, *The Tucson Sentinel*, and *USA Today*. Every tour, for which some have waiting lists, has completely sold out and many are attracting more affluent groups of winter visitors. The University of Wisconsin is interested in how Yuma partnered with their local college in efforts to create tours, as they are interested in creating similar programs in Wisconsin featuring the dairy industry.

Hotel sales are at 14.2% over last year for occupancy, much of which is attributed to military contractors.

Jeff Serdy- Area 5: Pinal County

- The Arizona Festival-will run through March 2012
- Lost Dutchman Marathon –February 19, 2012
- Lost Dutchman Days-February 23-28, 2012
- Roosevelt's Ride-February 24-26, 2012
- Dedication of Superstition Mountain Museum

## Victoria Yarbrough-Area 6: Cochise County

- Sierra Vista's Centennial celebration - rededication of Veteran's Memorial Park- February 11, 2012
- Cochise County's traveling exhibit "History on the Move" will be traveling throughout remainder of the year.
- 20<sup>th</sup> Annual Cochise Cowboy Poetry and Music Gathering - February 3-5, 2012, (approximately 3,500 in attendance)
- Cochise College Rodeo-March 3 -4, 2012, Ft. Huachuca
- Hummingbird Banding –March 2012 –October 2012

-Greenlee County-no contact/no report

-Graham County-2011 occupancy rate went up 25%

-Santa Cruz and Cochise County-both rates went down

-Sierra Vista-website traffic is accelerating dramatically with over 400% increase. Last year, walk-ins decreased. In-state visitors' numbers are increasing with all other areas decreasing. Sierra Vista will begin to market more to the Phoenix, Northern Arizona and Tucson areas.

## VII. Legislative Update

Barry Aarons, Lobbyist for the Arizona Lodging and Tourism Association and the Metropolitan Tucson Convention and Visitors Bureau gave an update.

- The Governor recommended a \$7,000,000 appropriation to the Arizona Office of Tourism, which will supplement an increased amount of Indian gaming funds. However, the Governor says if the \$7,000,000 is appropriated, formula funding is no longer needed. The formula would be eliminated. What is proposed to the legislature is the support of the \$7,000,000 appropriations and a suspension of the formula for the next year or two.
- Proposition 302 funds-half of the funds are diverted to AOT for administration purposes and AOT cannot use the gaming funds for administrative purposes. The diversion expires at the end of this fiscal year. It has been suggested, assuming AOT receives their appropriations, nothing be done but to let it go back to the way it was. A \$7,000,000 fund plus keeping the formula, but suspending it and allowing the 302 funds to go back seems like a reasonable approach to promoting tourism for the next year while the economy is still recovering.

Barry reviewed product issues including:

- Rio Nuevo
- The Commission for the Arts
- House Bill 2072
- House Bill 2445
- Motion Picture Tax Credit
- Various immigration bills



Regarding the budget, Barry reported there are small group meetings presently in the House and Senate and it is expected that somewhere by the end of February 2012, there should be a legislative counter proposal, a budget should be passed by mid-March 2012; and, session should be out by the first of half of April 2012. With over 800 bills introduced in the House (average being approximately 575), things are moving quickly.

Call to the public.

The next meeting will be a conference call, to be held in May 24, 2012, 10:00 a.m. – 1:00 p.m.

#### **VIII. Adjournment**

**Jeff Serdy motioned to adjourn with Lorraine Pino seconding the motion. Meeting adjourned at 1:33 p.m.**

Dated and mailed this 18<sup>th</sup> day of April, 2012.

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